

Thomas M. Zuckerman

COPY

April 14, 1999

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RE: Economic Evaluation of
Water Management Alternatives

Dear Susan and Noel:

I made some comments at the Stakeholders meeting on Tuesday, April 13, 1999, which you asked me to submit in writing.

The general thrust of my comments relates to the concept of "leveling the playing field" in doing an economic evaluation of the various alternatives. My own bias is that durable solutions to water management should be evaluated on a basis where public policy can make clear choices between short term and more durable alternatives. Specifically, continued reliance upon waters produced by Central Valley streams in the south coastal basin and the northern coastal urban areas is not a durable water supply solution. Increasingly large amounts of those water supplies are and will be needed to restore degraded river and estuarine systems as well as to meet long term consumptive uses within the areas of origin, including stabilizing agricultural production at desired levels and meeting expanding urban needs.

Which brings me down to cases. I noticed in reviewing the handouts at the meeting that Southern California options selected to meet demands are not assigned any "Delta Quality Costs" whether with or without an isolated facility.

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San Joaquin Valley options, however, were assigned both Delta Quality Costs with and without an isolated facility and Reverse Osmosis Brine Loss. When I questioned this, the explanation was that there would still be a need to treat Northern California water (presumably transported through the State Water Project facility) even if the selected option itself generated high quality (i.e., low bromide) water because there would be no means of avoiding mixture of these waters with the supplies diverted at the Delta which "must continue to be treated to remove bromide compounds." This conclusion presumes that there is no way to deliver such water without mixing it with the Delta supply and that the Delta supply will continue to require treatment because of bromide compound levels.

I believe both of these conclusions require re-analysis. In the first place, it is not clear to me that it is not possible to "deliver" such waters to the municipal purveyors in Southern California who are concerned with bromide disinfection by-products either through direct delivery or through exchanges. Secondly, although there is a great deal of speculation about a future EPA drinking water standard concerning bromated disinfection by-products, it is not clear that blending of waters generated by options being considered in this study, together with some exchange of low bromide water supplies, will not be sufficient to avoid any necessity of further treatment.

In that context the way you have chosen to assign Delta Quality Costs and reverse osmosis brine loss is to tilt the playing field somewhat. Although this may serve the purpose of making Southern California options more favorable (a good result in my opinion), it generates a cost advantage to an isolated facility which, in my opinion, is not justifiable in the broader sense and which may continue to promote the isolated facility as the panacea to Southern California's water supply problems (a bad result in my view).

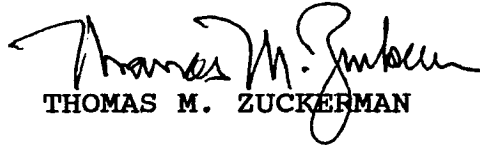
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It may be helpful to look at the options within Southern California for blending at those treatment plants which do not currently have significant blending opportunities with low bromide supplies such as the Colorado River supply. We need to generate a sense of how much low bromide water these treatment plants would need to create a blend with Delta supplies without an isolated facility which would meet current and projected EPA drinking water standards.

I recognize that some of my comments may reach well beyond the scope of your studies, and for that reason, I am forwarding a copy of this letter to Rick Woodard for his consideration within the CALFED Water Quality Group.

Thank you for your consideration.

Yours very truly,


THOMAS M. ZUCKERMAN

TMZ:csf